

GUILFORD COUNTY

ECONOMIC DEVELOPMENT INVESTMENT POLICY

[DRAFT RECOMBINED]

I. PURPOSE

Economic development may involve using public resources to attract, retain or support the expansion of private companies or projects that will contribute to the economic health and quality of life of the community. In Guilford County, assistance may be offered by the Board of County Commissioners, at their discretion, based on the following policy guidelines. The general categories are as follows:

- 1) *Tax Base* - Companies that make substantial capital investment in buildings and equipment may be considered for assistance. Capital investment increases the tax base, and the public funds are paid back over time through increased property taxes.
- 2) *High-Paying Jobs* - Companies that create jobs in which the wages or salaries are near or above the average for Guilford County may be considered for assistance. High-paying jobs increase the prevailing wage rate for the community and have a higher “multiplier effect” in demand for goods and services than do low-paying jobs.
- 3) *Special Industries* - Companies that fit into one of the following three categories may be considered for extra assistance based on the value they bring to the community. Educated Workforce companies that feature advanced design and technology, and pay their employees very high salaries, contribute to the community image as a place where innovation takes place. “Green” Industries, such as recyclers and alternative fuel providers convey a community concern for the environment. Central Business District (CBD) projects enhance the community image and have a high probability of attracting other downtown investment. Property values are highest in the CBD, so these projects should also repay the assistance in a short period of time.

Evaluation Criteria

All applications for funding will be measured against a set of Evaluation Criteria, which are listed in section III of this document.

Exclusions

The Investment Policy specifically excludes residential development (except in the CBD), service and retail businesses. The intent of the policy is to encourage “basic” companies and organizations that bring wealth and high-paying jobs into Guilford County. The basic employers, in turn, drive demand for housing, services and retail.

The following sections contain application procedures and formulae for assistance.

II. INCENTIVE DESCRIPTIONS

II (A). OPTIONS


(Companies or organizations may apply under Option 1 or Option 2, but not both.)


OPTION 1


Request for Assistance Based Upon Projected New Capital Investment

(Tax Base Creation)

A project's new capital investment in previously untaxed plant and equipment must be at least \$5 million, or its expansion capital investment must be at least \$3 million.

-  The proposed incentive grant will be based upon the private investment being made. Up to 1.5% of net new building investment added to the tax rolls (land excluded) and .75% of all equipment (including computer, communication equipment and furniture) may be considered for the grant. The grant payments would be spread over a three year period. The County could consider up to 1.75% of net new building costs and 1.0% of all equipment if Guilford County is the sole local government investor.

-  The jobs created should pay at or above the County average wage (as determined by the NC Employment Security Commission). As of December 31, 2006, the average rate is \$712/week (\$37,024/year). The average wage figure will be updated each January starting in January, 2008. Recognizing that most manufacturing, assembly and warehouse/distribution jobs may not meet that threshold, the strict wage adherence policy is set at 80% of the average wage (\$570/week, \$29,640/year). If over one-half of the new jobs pay at or above the Guilford County average wage, there is no adjustment to the calculation for payment based on wage insufficiency. If this condition is not met, the grant will be reduced to the percentage that the company's average wage relates to the Guilford County 80% of average wage figure.

-  Projects that will produce over \$100,000,000 in investment or 1,000 or more jobs paying at or above the County average wage will be considered catalyst projects and may be due additional grant consideration.

OPTION 2

Request for Assistance Based Upon Job Creation

(High-paying Jobs)






-  The company may choose to apply for an incentive grant based on the number of high-paying jobs created rather than the amount of investment made. The base

figure for jobs that meet or exceed the average wage rate for Guilford County, as determined by the most recent wage report from the NC Employment Security Commission, is \$1,000 for each new job created. If at least half the jobs in the relocation or expansion equal or exceed 90% of the average wage rate (currently \$641/week; \$33,332/year), then the base rate may apply to all jobs created. If the majority of the new jobs are to be paid less than the 90% figure, the project does not meet the intent of the High Paying Job incentive criteria. The company may opt to apply for a grant equal to \$500/job. Because the intent of this option is to create high-paying jobs and because the job impact is decidedly larger than the investment made, there shall be no consideration under this option given to projects where the median wage is less than 75% of the average annual wage for Guilford County. Alternately, the company may apply for an economic investment that pays for only those jobs at or above the average wage rate (at \$1,000/job) with no provision for assistance related to any other jobs in the project. Assistance is paid over a four year term. There is no minimum provision for capital investment in the Job Creation option.

-  For corporate expansions or relocations that are providing at least 50% of the job expansion in very high paying jobs (defined as meeting or exceeding the Guilford County median family income – 2005 figure of \$54,727), the company may request an incentive grant of up to \$2,000 per job created that fits this category. Any jobs that are created that are paid between the average annual wage (currently \$37,024) and the median family wage may qualify for the \$1,000 per job base rate. All other jobs under the average annual wage may qualify for \$500 per job.
-  A project should create at least 25 permanent, full-time jobs (35 hours/week or more) per new business, relocation or expansion; however, the total number of new jobs created will be used to evaluate the request. Only net new job creation will be considered. This policy does not include consolidations, mergers or restating of company name to achieve qualification. An increase in jobs of 25 or more from the current employment base is the benchmark.
-  The payment period is four consecutive years. The first year-end investment payment (at or above 25 new or additional permanent full-time employees) is \$200/job. Year two: \$400/job. Year three: \$200/job. Year four: \$200/job. Job increases during the second through fourth year of the contract will be paid at that year's rate, but under all circumstances, the total scope of each contract and range of payments is four years.
-  In extraordinary circumstances the rate of \$1,000 (\$200 + \$400 + \$200 + \$200 = \$1,000 over four years) may be used as a job retention incentive. Assistance for retention of existing jobs is capped at a (cumulative) maximum of \$100,000 over the four-year life of the contract.

II (B). SPECIAL INDUSTRY SITUATIONS

Guilford County will consider extra assistance for companies that employ a workforce with advanced education in science and technology (ex. Information technology, design, nanotechnology or biotechnology), environmental sustainability (“green” industries), or support central business district (CBD) catalyst projects. Unless otherwise stated, all of these special industry situations (except CBD projects) will be considered using Option 2 specifications, qualifications and payment schedule. Because of the size and scope of many of these businesses, the high paying job qualifying provision amount will be used.

Educated Workforce

Virtual Companies/Telecommuting

Many businesses in the information technology, design and communications industries operate almost exclusively on an electronic basis. It is important to recognize the contributions these companies can make to the local economy.




Design and Technology Development

Design provides much of the value added to manufactured products. Since Guilford County has a wealth of manufacturing companies it is important to attract design and technology development firms. Special allowance is made in this case because the number of employees in any setting may be very small.

High Tech - High Paying Jobs Provision




New jobs in the technology sector, including biotechnology and nanotechnology, that pay well beyond Guilford County average wages will be considered for additional financial assistance to locate new operations in the county. This provision may be used only for start-up or relocation companies and may only be used one time, including consideration of any mergers, acquisitions or subsidiaries.

The following conditions will allow for the consideration of economic investment in companies that have a virtual setting or are in design and technology development:

-  A minimum of five new jobs must be created and at least five workers with the company shall be in Guilford County.
-  Only those persons affiliated with the company for whom unemployment taxes are paid or pay North Carolina income tax subsequent to the grant being approved will be counted toward grant verification and payment.
-  Assistance will be based upon the high wage job provision figure (Option 2) of the Economic Development Policy, including the payment schedule. For very high wage job creation, i.e. jobs that pay above the median family income and, further, above \$100,000/year, an extra provision is in place to provide more assistance. Please refer to the chart below for more details.

Payment per job	Number of jobs applicable	Wage requirement	Payment period
\$1,000	All jobs	Must meet or exceed the average wage rate for Guilford County (over half the jobs paying at least 90% of average wage)	Four years
\$2,000	All jobs	Must meet or exceed the median family income for Guilford County	Four years
\$2,500	All jobs in special class above (design, high-tech)	Must pay above the median family income for Guilford County	Four years
\$3,000	All jobs in special class above (design, high-tech)	Must pay over \$100,000	Four years

These higher payouts will only be considered if one-half or more of all the jobs considered pay above the median family income. \$1,000 will be the standard for jobs that pay at or above the county median wage (\$37,024), and \$500 for all jobs below the median wage.

-  New job creation is an essential feature of this policy; filling existing positions does not comply with this policy. Each job will only be counted once. There is a comprehensive annual validation process to verify employment and wage levels and to confirm tax listing and payment. Anyone with a Guilford County address within the past two years will be considered for the \$2,000 level of assistance (or less), regardless of income level. If alternate economic grants are accepted for the purpose of locating the company in Guilford County, this provision may be exempted from consideration.
-  An aggregation of existing residents into a company does not comply with any of the provisions of this policy, including the high-tech section. Nor does this policy (or the high-tech section) apply to personal professional services providers.
-  National headquarters relocations may apply under this provision if desired.




Environmental Sustainability/"Green" Industries

"Green" industries projects may qualify for consideration from each of investment (Option 1), high-wage employment (Option 2) and waste diversion or redirection incentive grants. Each component will have its own compliance performance measure, but may have individual granting capacity within the incentive grant contract.

Eco-Business





Guilford County may offer assistance to businesses that initiate programs to recycle post-consumer (MSW) waste material, manufacture new products from 50% or more post-consumer recycled material, or produce energy from post-consumer waste.

Guilford County's guidelines for consideration:

-  Consider a \$2,000 payment (paid over a four-year period) for all jobs paying 90% or above the Guilford County average wage (as determined by the North Carolina ESC). All jobs above 75% of the average wage are eligible for the \$1,000 rate. A minimum of three jobs that fit the criteria is required.
-  Consider the 1.5%/.75% investment incentive grant as outlined in Option 1 on Page 2.
-  Consider a grant equal to \$1.00/ton of post-consumer waste (MSW) that is diverted (net) from landfill dumping, up to a cumulative total of \$100,000.

Alternative Energy

Guilford County will consider the following for alternative energy companies:








-  Provide partial funding for up to ten retail fuel tank upfits in each quadrant of the county (40 total) at \$2,500/pump for the provision of biodiesel (B20 or greater) or ethanol (E85) blended fuels. One half of the payment is made after 90 days of the date of the start of the sale of biodiesel or ethanol and the other half at the end of 12 months. The money will be available on a first-come, first-serve basis of application. No one site may garner more than four of the ten upfit grants. The grant is subject to annual appropriation.
-  Consider the 1.5%/.75% investment incentive grant as outlined in Option 1 on Page 2.
-  Consider a \$2,000 payment (paid over a four-year period) for all new jobs paying near (90%) or above the Guilford County average wage provided by companies that manufacture solar, wind powered or photovoltaic products. All jobs above 75% of the average wage are eligible for the \$1,000 rate. A minimum of three jobs that fit the criteria is required.
-  Biodiesel and ethanol distributors/wholesalers may request assistance for storage tank construction or conversion costs of up to \$10,000 per operation.

Central Business Districts in Greensboro and High Point

A healthy, vibrant downtown is a sign of economic vitality and is one measure of the strength of a community. Two cities in Guilford County, Greensboro and High Point,

have significant downtown footprints, the health of each having a large impact on the business activity and prosperity of Guilford County. Guilford County will support high impact projects that can redefine, reinvigorate or redevelop these downtown areas.

The downtown areas of the other towns in the county are important in their own right. However, the size and scope of virtually any project in these areas is unlikely to create the tax base and job numbers that can redefine the county's appearance and activities. Also, simply because a site or building is in the central business district of one of the two large municipalities in the county gives it no special consideration over any other similar situation in another sector of Guilford County. However, on occasion there is a project with enough size and scope to be a true catalyst for significant change in the downtown business scene. Those are the types of projects to be considered under this policy.

-  The project may be located no more than one block from the designated downtown or central business district.
-  The project must have a significant presence (>200,000 sf).
-  It must have been undeveloped or substantially vacant (<50% occupancy) for at least five years.
-  The project must be perceived as a catalyst for more new development or redevelopment.
-  The project must include mixed use development with year-round daily activity.
-  The project would not happen without public financial support.
-  The proposed incentive grant will be based upon the private investment being made. Up to 1.75% of net new building valuation added to the tax rolls (no land, personal property or equipment) may be considered for the grant. The grant payments would be spread over a five year period. The incentive contract would be based on a maximum amount of assistance with the actual figure being established later upon finished property assessment.

Tax Increment Financing (TIF) Districts

Guilford County supports the concept of Tax Increment Financing (Project Development Financing). Project Development Financing is specifically authorized in Article 6 of Chapter 159 of the North Carolina General Statutes.

Project Development Financing (PDF/TIF) is a pledge of the anticipated incremental increase in future tax revenues in order to finance a public infrastructure improvement as part of a new development or redevelopment project.





In order to be considered, the project must meet the criteria of either providing an increase in the number of above average wage jobs or an increase in non-residential tax base. The developer must fund an assessment by an independent third party consultant to determine the expected market value. The consultant will be selected by the County and (if applicable) the municipality where the project will be developed. The consultant's client relationship will be with the County and the municipality only.

Prior to the County and municipality selecting the consultant, the Developer will submit to the County preliminary building plans, an investment schedule, and Project financials so that the independent consultant can perform the analysis of expected market value.

The Board of Commissioners will consider all PDF/TIF projects on a case-by-case basis and may consider any other relevant factors when deciding whether to pledge County funds for the Project. The Developer must determine and declare the future tax valuation for the Project and guarantee to the County and municipality a stream of income at least equal to the property tax payments that a project of that value would generate.







In the event the County chooses to pledge funding for the Project, the County will only pledge property tax revenue as described in this section. The County will not pledge sales tax revenues or any other revenue sources. The County's funding pledge will not exceed 20 years and will not pledge more than 75% of the increase in property tax value generated by the Project.

III. EVALUATION CRITERIA

-  Companies seeking investment from Guilford County must provide their employees with health care benefits of at least \$1.75/hour as part of the compensation package. Beginning on July 1, 2008 and every two years thereafter, the health care benefits minimum will increase \$.25/bi-ennium. [A list of specific healthcare services that must be provided as a part of the package will be included in this policy by August 31, 2008].
-  The County supports the growth of its regional economy and will not engage member jurisdictions of the Piedmont Triad Partnership in relocation competition when an area company is seeking to relocate within the Piedmont Triad Partnership region.
-  Request for approval of an assistance package by the Guilford County Board of Commissioners will be acted upon only when a Guilford County site(s) is on the finalist list for the company or organization.
-  No more than two incentive grants from the same company or related companies (including subsidiaries) may be in force at the same time. Requests made under these circumstances will not be considered.

IV. DISCLAIMERS

-  Funds received from Guilford County must be used in accordance with applicable statutes and laws.

-  All grants must go through an advertised public hearing process. Grants may only be awarded after an affirmative vote of the Guilford County Board of Commissioners.
-  The statements contained in Guilford County's Economic Development Investment Policy are guidelines and are not intended to limit the discretion given to the Guilford County Board of Commissioners under N.C.G.S. 158-7.1 and other applicable laws. Contracts may be terminated based on future legal decisions without any negative repercussions to Guilford County.
-  The County's policy does not establish an entitlement by any company or organization desiring to locate or expand within Guilford County. The approval of any economic development assistance is strictly at the discretion of the Board of County Commissioners.
-  All agreements under this policy will be put in contract form.
-  Guilford County staff shall have access to any and all company records necessary to confirm the number of employees, both at the outset of the project and at time of payment request. Staff shall also be provided access to company records to document the proof of the full-time and permanent nature of the jobs. Other sources, such as the Employment Security Commission, may be used to corroborate the payment request.
-  All economic development contracts will have a life of nine years, at which time they expire. Any monies designated for incentive payments that have not been successfully confirmed and paid nine years from the date of contract will go unclaimed.

V. ASSISTANCE PROCESS

First Contact

Companies and organizations seeking County assistance should make direct contact with the Economic Development Director early in their site evaluation process. He (she) will furnish program details and benefits and will assist with site suitability analysis, local permitting and regulatory processes. Inquiries and referrals can be made through one of the following economic development agencies supported by the County: Greensboro Economic Development Alliance, High Point Economic Development Corporation, Downtown Greensboro Inc., East Market Street Development, and Piedmont Triad Partnership, or through the North Carolina Department of Commerce.

Evaluation

After communication is established directly with the County or through a supported agency, the request can be evaluated. The results of the evaluation will determine if the










request meets the threshold for County assistance. If the request meets the criteria, a preliminary grant amount will be determined. If the application fits the Guilford County policy and guidelines for consideration, the Economic Development Director will coordinate with the Board of County Commissioners Incentive Evaluation Committee for a review of the project.

Incentive Evaluation Committee

The Incentive Evaluation Committee shall be comprised of five members of the Board of County Commissioners: two members from each major political party plus the Chairman of the Board. Appointments shall be for a period of two years, with no limit on reappointment options (Board membership still applicable). Appointments that were in effect as of January, 2007 shall remain in place until January, 2009. Vacancies or shifts due to Chairmanship changes on the Committee shall be made at the next regularly scheduled meeting of the Board of Commissioners, but in no case no later than January following the changes. New members may be appointed by the Chairman(person) of the Board of Commissioners at the first regularly scheduled meeting held in January of each year, beginning in January, 2009.

The Request

In order to request an Economic Assistance Grant, the company or organization must submit a letter of request to the Economic Development Director. The letter should be signed by the president, vice-president or chief financial officer. The letter of request must include:

-  Description of business
-  Intent of this business expansion
-  Reason for the request
-  Level of investment in plant and equipment
-  Level of investment in taxable personal equipment at the site
-  Number of full-time, permanent jobs being created - and over what time frame
-  Average wage of the newly created jobs
-  Percentage of these newly created jobs that will earn under the county average wage
-  Level of health care benefits to be provided to the new employees

The letter and all supporting information should be sent together. Once received, a closed session briefing will be scheduled with the Board of County Commissioners Incentive Evaluation Committee. The Committee will bring forward their findings and their recommendation - positive or negative - to a closed session briefing of the full Board of Commissioners at one of its regularly scheduled meetings. The board typically meets the first and third Thursdays in the evening. Material should be received at least two weeks prior to the next meeting.

Presentation to the Board

During the closed session briefing, the Board will be advised of the request and given details about the proposed grant. Prior to, during and up until the public hearing, only the following information will be discussed with the Board, public and the media:

- 1) The corporation's capital investment in the project;
- 2) The number of jobs to be created by the project;
- 3) The hourly wages associated with the project; and
- 4) The amount of economic development assistance requested from Guilford County.

Company representatives do not need to be present at the briefing. The information will be presented by County staff and an economic development agency representative. After receiving the proposal the Board will decide whether or not to set a date for a public hearing.

Public Hearing

State law requires a properly-advertised public hearing for all Economic Assistance Grants before one is awarded by the County. Approval by a majority vote of the Board of County Commissioners is required. All grant requests must follow this process.

As part of the public hearing, company representatives will be given an opportunity to provide detailed information about their company. The Board is given an opportunity to ask questions of company representatives, County staff and economic development agency representatives. In addition to the presentation and questions, the public is also given an opportunity to speak for or against the Economic Assistance Grant. Following the public hearing, the Board will vote or continue their decision to a future meeting. If the request is approved, staff will proceed with the preparation of a performance contract.

Preparation of Contract

Payment of County funds to the company is governed by contract. The contract will specify completion of site improvements, the fulfillment of the company's stated investment in the project, net job creation, average wage rate and required documentation.

Contract Execution

After a contract is drafted and reviewed by the County attorney's office, a copy will be sent to the company for their review and comment. Once both parties have agreed to the contract's language and meaning, an original will be sent to the company for signature.

Verification and Payout

The terms of the contract detail the documentation that must be provided before any payment is made. The company receiving the grant must submit the documentation to

the Economic Development Director. The documentation will be reviewed by the Director and other departments as required.

If the terms of the contract are not realized, then a portion or all of the funds will be withheld by the County. The company may resubmit the document for further review.

If the terms have been met, the County will remit the requested payment in prompt fashion.